



BIG MOUNTAIN SEWER DISTRICT

PO Box 1252
Whitefish, Montana 59937

Board of Directors Minutes

April 6, 2021 9:00 am

PLEASE NOTE: Public attendance at this meeting was via ZOOM.

1. CALL TO ORDER

President Sato called the meeting to order at 9:02 a.m. Present were: Brad Kincaid, Greg Ferrian, Al Clough, Jason Hanchett, Leslie Bales, and Paul Montgomery of Anderson-Montgomery. Present via Zoom were Kathy McAughan and Charlotte Greenbarg.

2. INTRODUCTIONS

Everyone present had attended meetings before, so no introductions were necessary.

3. PUBLIC COMMENT

Greenbarg spoke stating appreciation for information, and commented there is a healthy balance in the financials. Greenbarg continued for the boards that she is on, when they get to that point, we do not raise any dues, and Greenbarg would appreciate it if BMSD would not raise the fees. Kincaid replied we are looking forward to the upcoming year, and it is hard to make a comment until we complete our review for the upcoming year. We will take your comments under advisement.

4. PRESENTATIONS

A. Grant Application Update – Paul Montgomery

Montgomery reported on the status of funding for upcoming grants stating BMSD is virtually guaranteed the \$125,000 DNRC grant, and he is reviewing updates for HB14 where we applied for TSEP at \$500,000. BMSD did not rank in the fundable portion of the list for TSEP, but the legislature is considering funding all TSEP applications this year, added funding would be taken care of through bonding via HB14. HB14 passed the House, and the Senate committee hearing is this Friday. Montgomery will watch and report back to the board. Montgomery feels it is very likely we will also receive the \$500,000. Montgomery reminded BMSD had the preliminary engineering report in 2020, locating the majority of the inflow. Hanchett had lines tv'd last year and the film has been reviewed. We are looking at easily identified inflow pouring into the system, but are not seeing broken pipes with water pouring in so did not see a bunch of easily repairable anomalies. We decided to review the outfall lines all the way down to East Shore drive. Montgomery and Hanchett hiked the outfall line yesterday, and reviewed all the manholes. We saw some additional manholes that are likely contributing inflow into the system, and would like to include those into the overall project. Montgomery recommended rescoping the project and relook at calculations for original engineering study, adding we may also review lines that were originally not targeted and once complete will submit the rescope of the I&I project to the district. Montgomery stated infiltration appears to be spread out over the district, and could also be in some of the service lines, commenting determining which service lines may be candidates for rehabilitation is hard to designate. Clough asked about grant conditions for TSEP if we change the scope of the project? Montgomery said the inflow and infiltration scope will still be the focus, and it should not change the

grant status. Kincaid asked about matching funds? Montgomery stated the entire project is about 1 million, with TSEP being a dollar-for-dollar match. The \$125,000 DNRC grant can be used as matching funds for TSEP. Kincaid stated with not finding the smoking gun he is hesitant to spend 1 million, maybe only spend half million and fix the most problematic areas with the objective for the bill to City of Whitefish to drop. Kincaid continued we want to do the right thing, so we need to review carefully. Montgomery added BMSD will have grant money at this point, but may not in the future. Kincaid stated we need to review the financial aspects to users with the objective in the next runoff season see the sewer bill go lower. Discussion continued. Montgomery added the 2007 TD&H report had recommended repairs, and from the hike yesterday it does not appear the work had ever been completed. Hanchett reported the report was done in 2007 for Lookout Ridge to review their options for sewer, and they opted to go through Iron Horse. Discussion continued regarding manholes, repairs to manholes, and how one pick hole in manhole could potentially cost \$10,000 per year. Montgomery shared we may be paying an additional \$100,000 per year for clear water. Repairs made last year may already be having an affect, usage has not increased even with the high occupancy. Discussion concluded with the board agreeing that Montgomery will complete the rescope of the project and submit it to the BMSD for further review.

5. REVIEW OF MINUTES

The minutes of the February 9, 2021 meeting were approved as written upon motion by Kincaid, second by Clough. Motion carried with all in favor.

6. FINANCIAL REVIEW

The financials were approved as submitted upon motion by Ferrian, second by Kincaid. Motion carried with all in favor.

7. OLD BUSINESS

a. Request for additional EDU's

- i. Lower Sub, Lot #1 – proposed 3 plex – Derek Jones – 3 EDU's
- ii. 3855 Gelande St – Ken Reaser – 6 EDU's
- iii. 27 Elk Highlands Drive – Langford (at this time only 1" meter, but property is being split) response to public hearing

Sato reported these items will remain on the agenda until the EDU issues have been agreed upon. Jones was notified of this meeting, but we did not hear back from him. Reaser just purchased the property, and his engineers are still working on the best plan for his property, with Reaser planning to come to the June meeting when he has more details. The Langford property was split into two single-family building lots, with a public hearing held regarding the property split. Sato continued BMSD sent the informational letter outlining the process to ask for additional EDU's so it is included with the property information for the new property owners.

Sato shared 158 Ridge Run Drive, the vacant lot by Keebaugh's sold, with no house but the realty listing showed a very large home as possible (8 bedrooms and 10 baths). Sato asked what our process should be for this type of situation. Hanchett stated if the house is approved by design review it may need a 1 ½" or 2" line with additional EDU's. Hanchett explained if the property was zoned as single family and

they want to go to condo we ask people to come to BMSD and get approval. Kincaid agreed if change from SFR to condo (or other building classification) must come and get approval. Hanchett explained this is common, when the lot is stubbed out with 1", requires 1 ½" run new line and abandon original line due to flow demand stating this has happened in the past, and is actually quite common. Sato commented the BMSD EDU limit is 2000 and it seems like we are eating through the surplus quite quickly, but we still have several hundred in reserve. Discussion followed with the board agreeing they support continuing with this process. Greenbarg asked about Air B&B, rentals, etc. Kincaid answered this is an HOA issue, not sewer.

b. 162 Ridge Run Drive

Sato reported HOA does not have a signed contract yet from Keebaugh. When this does get subdivided, they will need to abandon the Y and tap for a new service line with Hanchett doing an inspection at that time.

c. HB255 – update

Sato reported the legislature struck out a lot of the legal liabilities language which is good for us, and pointed out they added that County Commissioners would appoint a 6th director, and the vacancies on board in the future would be approved by the County Commissioners. Sato continued there is also language regarding resolutions and public hearing language change. We will be watching this carefully.

8. NEW BUSINESS

a. Maintenance Update

Hanchett reported we had maintenance items budgeted for this spring – camera outfall line and he has scheduled for preliminary meeting for the 19th to get this completed. After talking with Montgomery and hiking, Montgomery didn't think the camera would be able to pick up much, due to the high spring flow. Montgomery may have plan for additional camera work in the village which will be of more value. Hanchett reported they are continuing to monitor lift stations and inspect manholes, looking for obvious problems – note issues and we will focus on these. Hanchett continued PIF's have been very busy, there will be a ton of construction this summer. Condos, duplexes, single family – it will be a very busy summer.

b. Formal Request to Flathead County Commissioners for Full Big Mountain Sewer District list – including mailing addresses

Sato reported Bales had sent a formal letter to the Flathead County Commissioners requesting the mailing addresses for all the property owners (users) within the Big Mountain Sewer District. Currently Bales has to look up each property on the Flathead County GIS system to create a mailing list for rate increases, notices, etc. Once we hear from Flathead County we will let everyone know. Bales reported after speaking with our attorney, Rich Gebhardt this was the first step in the process of trying to get the mailing list.

c. Plant Investment Fees

i. 87 Orion Court, Lot #30 – Stroud \$9795.71

Clough made motion to approve the plant investment fee as presented, second by Kincaid. Motion carried with all in favor.

9. FY 2022 RATE STUDY

a. Upcoming Rates for FY21-22

Sato reported we have been working on rate study started by the previous board about 1 ½ to 2 years ago. The review will look into possibly charging for usage on properties that appear to use a larger portion than other properties. For this comparison 5000 gallons per month per EDU was used as the base level (the assumption is that the annual base rate per EDU would cover 5000 gallons per month per EDU of usage). Usage above and beyond this gallonage has been quantified using meter readings from the Big Mountain Water Company for the properties within our sewer district. The properties were separated by building classification – single-family residential, townhomes, condos, duplexes, commercial, and undeveloped. They were then sorted from the largest to the smallest users in each classification. Sato reported she and Bales went through each of the large users, reviewing their monthly usage to delineate whether it was consistent monthly, summer usage (sprinkling) or some other anomaly. Sato reported most of the properties could be separated into these categories with summer usage and a few very high months (leaks). Discussion of usage followed. Hanchett reported the customer can ask for data log showing usage – down to the day and even hour. Hanchett shared a single toilet can run an additional 10,000 gallons per month if running. Kincaid shared there is \$41,000 total for high users at \$12.50 per thousand gallons which equates to \$46 per user. Kincaid stated for this amount of revenue, and with the majority of the high usage being leaks and summer usage he does not think moving to charging additional fees based on usage make sense for BMSD. McAughan agreed it is way too much work, and after hearing the detail provided by Sato and Bales it would be impossible to be fair and agrees with Kincaid to keep our fees as they have been historically charged. McAughan requested we keep this information as historical data. Clough commented this year has been an aberration, we may want to review again in the future. Kincaid made motion that upon review of the Big Mountain water usage detail we maintain a rate structure for FY2022 which will be based upon EDU's as we have historically charged, second by Ferrian. Motion carried with all voting in FAVOR.

10. MISCELLANEOUS FOR THE GOOD OF THE ORDER

The next Big Mountain Sewer District Board Meeting is scheduled for June 22, 2021 at 9 a.m. at the Northern Lights Conference Room of the Kandahar Lodge. Zoom access will also be provided for anyone who wishes to join.

Clough commented although we do have a pretty healthy balance, it doesn't take much of a problem to eat into that balance. Bales added due to Flathead County doing our billing and collection we actually have about a one-year lag in collections so we need a large balance to cover operations during that time.

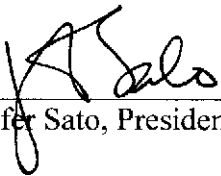
Clough notified the board he will be back and forth to Alaska this summer, but should be able to attend board meetings via Zoom.

Kincaid added that for the last two years Whitefish has not increased their rates, and we need to reach out and get a feel for proposed rate increase for the upcoming year.

11. INFORMATIONAL CORRESPONDENCE (available for review from Administrative Manager)

- a. US Dept of Commerce U.S. Census Bureau – completed survey for 2021 Government Units Survey
- b. Flathead Electric Official 2021 Ballot
- c. Flathead Electric Invitation to Annual Meeting March 13, 2021

Meeting adjourned at 10:11 am.



Jennifer Sato, President

Leslie Bales, Secretary